

Message Text

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ORIGIN IO-03

INFO OCT-01 ISO-00 /004 R

66011
DRAFTED BY: IO/DHP:HGWING/AD
APPROVED BY: IO:JCAHILL
----- 060708

R 010028Z SEP 76
FM SECSTATE WASHDC
TO USMISSION USUN NEW YORK

C O N F I D E N T I A L STATE 216354

FOLLOWING REPEAT MOSCOW 13720 ACTION SECSTATE INFO ALGIERS
BELGRADE BERLIN BONN BRUSSELS BUDAPEST COPENHAGEN GENEVA LONDON
OSLO OTTAWA PARIS USLO PEKING SOFIA STOCKHOLM TOKYO THE HAGUE
WARSAW WELLINGTON 31 AUG 1976

QUOTE C O N F I D E N T I A L MOSCOW 13720

E.O. 11652: GDS
TAGS: UNDP, EAID, UR
SUBJECT: UNDP - U.S. PROPOSAL FOR PURCHASE OF CURRENCIES

REF: A) MOSCOW 11617, B) STATE 184958, C) MOSCOW 12113

1. ON AUGUST 31, SOVIET FOREIGN MINISTRY OFFICIAL (KOVALEV,
COUNSELOR IN INTERNATIONAL ECONOMIC ORGANIZATIONS SECTION) CALLED
IN E/C COUNSELOR TO RECEIVE SOVIET RESPONSE TO U.S. PROPOSALS FOR
SOLVING UNDP LIQUIDITY CRISIS. REFERRING TO U.S. APPROACH ON
JULY 21 (REFTEL), KOVALEV STATED THAT HE HAD BEEN INSTRUCTED
TO INFORM US THAT THE SOVIET GOVERNMENT VIEWED THE "EMBASSY
PROPOSAL" AS UNACCEPTABLE BECAUSE SOVIET CONTRIBUTIONS TO THE
UNDP ARE SPECIFICALLY AUTHORIZED ONLY FOR RENDERING TECHNICAL
ASSISTANCE TO DEVELOPING COUNTRIES. KOVALEV INDICATED THAT THIS
WAS THE SUM OF THE SOVIET RESPONSE.

2. E/C COUNSELOR EXPRESSED REGRET AT RECEIVING THIS UNFAVORABLE
REPLY. HE NOTED THAT OURS WAS NOT AN "EMBASSY" PROPOSAL BUT
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RATHER A GENERAL USG APPROACH WHICH WAS ALSO DIRECTED TO A

NUMBER OF OTHER STATES AND WAS IN NO WAY MEANT TO DISCRIMINATE AGAINST THE USSR. HE ADDED THAT THE US PROPOSAL APPEARED IN NO WAY TO CONFLICT WITH SOVIET LAW. AS FOR RENDERING ASSISTANCE TO LDS'S, SOVIET AID WOULD BE MUCH MORE USEFUL TO THEM IN FORM OF GOODS AND SERVICES THAN MERELY IN ACCOUNT WHICH WAS NOT BEING USED. HE EXPRESSED HOPE THAT ALTHOUGH CURRENT SOVIET GOVT POSITION IS NEGATIVE TO OUR PROPOSAL, IT WILL KEEP THE ISSUE UNDER CONSIDERATION.

3. KOVALEV ASKED IF E/C COUNSELOR UNDERSTOOD THAT THIS WAS OFFICIAL SOVIET RESPONSE. ON RECEIVING THIS ASSURANCE, HE ADDED THAT SOVIETS ARE AWARE OUR PROPOSAL WAS NOT THAT OF EMBASSY ALONE. NOR WAS IT NEW. IT HAD BEEN RAISED AT THE UNDP GOVERNING COUNCIL SESSION IN JULY, WHERE SOVIET AND "OTHER" DELEGATIONS OPPOSED IT FROM VERY OUTSET.

4. COMMENT: KOVALEV STATEMENT MAKES CLEAR THAT THERE IS NOT GIVE IN THE PRESENT SOVIET POSITION ON THIS ISSUE, PARTICULARLY IN LIGHT OF USSR'S OWN HARD CURRENCY SHORTAGE. IT IS SOMEWHAT INTERESTINT THAT HE DID NOT SEEK TO REBUT E/C COUNSELOR'S STATEMENT THAT PROPOSAL DID NOT CONFLICT WITH SOVIET LOW. STOESSEL UNQUOTE ROBINSON

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, LIQUIDITY (MONETARY), CURRENCY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ullricre
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE216354
Document Source: CORE
Document Unique ID: 00
Drafter: IO/DHP:HGWING/AD
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760331-0354
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197609101/aaaad1pt.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN IO
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 MOSCOW 11617, 76 STATE 184958, 76 MOSCOW 12113
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by BoyleJA>; APPROVED <03 AUG 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNDP - U.S. PROPOSAL FOR PURCHASE OF CURRENCIES
TAGS: EAID, UR, US, UNDP
To: USUN NEW YORK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006